

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4144

To amend the Internal Revenue Code of 1986 with respect to the treatment of crops destroyed by casualty.

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IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 1994

Mr. MATSUI introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 with respect to the treatment of crops destroyed by casualty.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TREATMENT OF CROPS DESTROYED BY CAS-**

4 **UALTY.**

5 (a) GENERAL RULE.—Paragraph (2) of section  
6 263A(d) of the Internal Revenue Code of 1986 is amended  
7 by redesignating subparagraph (B) as subparagraph (F)  
8 and by striking subparagraph (A) and inserting the follow-  
9 ing new subparagraphs:

1           “(A) IN GENERAL.—If plants bearing an  
2 edible crop for human consumption were lost or  
3 damaged (while in the hands of the taxpayer)  
4 by reason of freezing temperatures, disease,  
5 drought, pests, or casualty, this section and sec-  
6 tion 263 shall not apply to—

7                   “(i) preproductive or removal costs,  
8 and

9                   “(ii) 80 percent of a taxpayer’s special  
10 replanting costs,

11 which are incurred for replanting plants bearing  
12 the same type of crop (whether on the same  
13 parcel of land on which such lost or damaged  
14 plants were located or any other parcel of land  
15 of the same acreage in the United States).

16           “(B) TREATMENT OF SPECIAL REPLANT-  
17 ING COSTS.—Subsection (a) of this section and  
18 section 263 shall apply to the remaining 20 per-  
19 cent of a taxpayer’s special replanting costs.

20           “(C) PREPRODUCTIVE COSTS.—For pur-  
21 poses of this subsection, the term ‘preproductive  
22 costs’ means costs which are—

23                   “(i) incurred during the preproductive  
24 period, and

1           “(ii) not treated as special replanting  
2           costs as defined in subparagraph (D).

3           Such costs shall include cultivation, mainte-  
4           nance, and development costs as well as admin-  
5           istrative costs and interest; but shall not in-  
6           clude any costs related to assets which are dis-  
7           similar to those used on the original acreage  
8           prior to the casualty.

9           “(D) SPECIAL REPLANTING COSTS.—For  
10          purposes of this subsection, the term ‘special  
11          replanting costs’ includes direct costs incurred  
12          for—

13                 “(i) plants and supporting structures,

14                 “(ii) irrigation and drainage systems  
15                 destroyed during removal of the lost or  
16                 damaged plants, and

17                 “(iii) land preparation and fumigation  
18                 costs,

19          but shall not include any assets which are dis-  
20          similar to those used on the original acreage  
21          prior to the casualty.

22          “(E) SPECIAL RULE FOR CERTAIN PLANT-  
23          INGS.—Subparagraph (A) shall apply to that  
24          portion of the costs (including the plants and  
25          associated costs) attributable to replanting ad-

1           ditional plants on acreage, only if such planted  
2           acreage is the same size or smaller as that on  
3           which the lost or destroyed plants were located.  
4           For purposes of this rule, the term ‘additional  
5           plant’ includes any plant which does not replace  
6           a plant qualified under subparagraph (A).

7           “(F) LOSS LIMITATION RULE.—Any costs  
8           otherwise eligible under subparagraph (A) shall  
9           be reduced by any amounts deducted under sec-  
10          tion 165 which relate to lost or damaged plants  
11          and associated assets. The reduction for deduc-  
12          tions previously taken under section 165 is lim-  
13          ited to the most recent original planting of the  
14          lost or damaged planted acreage before the cur-  
15          rent casualty.”

16          (b) CONFORMING AMENDMENT.—Section 165 of  
17          such Code is amended by redesignating subsection (m) as  
18          subsection (n) and by inserting after subsection (l) the fol-  
19          lowing new subsection:

20          “(m) LOSSES TO WHICH SECTION 263A(d)(2) DE-  
21          DUCTIONS ARE TAKEN.—No deduction shall be allowed  
22          under this section with respect to any loss for which the  
23          costs of replanting are deducted under section  
24          263A(d)(2)(A).”

1       (c) EFFECTIVE DATE.—The amendments in this sec-  
2 tion shall take effect as if included in the amendments  
3 made by section 803 of the Tax Reform Act of 1986.

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